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COSTA RICA

NATIONAL IMPLICATIONS OF VESCO CASE CITED

[Article; San Jose, La Nacion, Spanish, 14 May 1973, p 14_7

The news that financier Robert L. Vesco has been summoned to appear before criminal courts in the United States on charges of alleged crimes involving violation of the election laws and obstruction of justice is relevant in our country, because Vesco has many investments here, and because the Head of State and other high-ranking public officials have formally assumed responsibility for defending and protecting him.

The fact that he has been charged with attempting to obstruct justice and is, moreover, an individual accused of having diverted the astronomical sum of millions of dollars (224, to be exact) for his own personal gain cannot be overlooked; even though efforts have been made to blame all this on a plot by certain Wall Street capitalists to take revenge on the man who dared to challenge the mutual funds "system." As a matter of fact, both the defense that has been diligently put forth for him by his representative in Costa Rica, as well as the government's defense of Vesco's investments in our country, have created such a network of interests that one cannot refrain from commenting on the circumstances surrounding this suit.

The nation's moral fiber, and its most valuable ethical and spiritual tendons, may be damaged if these things are not brought out into the open, so that they can be aired and properly judged, so that the citizenry can form its own opinions. Otherwise, we may observe that the erosion of principles has led to a total breakdown of our national morale, with consequences that cannot be predicted but can, indeed, be guessed.

Vesco came to Costa Rica, not to do us the favor of returning funds that had been taken out of the country by devious means, but to find refuge, because he knew that he was being investigated. When he arrived at the Juan Santamaria airport, he was already informed that the Federal Securities Exchange Commission (SEC) was investigating his business dealings. The explanation that Vesco was "persecuted" because he did not

invest IOS (Investors Overseas Service) funds in big international financing capital, but rather in underdeveloped countries, could only occur to someone with a very low opinion of the mental capacities of Costa Ricans. The fact is that, prior to coming to Costa Rica, he tried to make a fortune with his interesting systems in the Bahamas. There, too, Vesco tried to do the same thing he had attempted in Washington, something that he has at least partially accomplished in Costa Rica: namely, to establish ties with public officials, assisting them in their political aspirations, and in investments and business, and thus creating sufficient spheres of influence with which to secure protection and, eventually, even security under the law.

The investment which Vesco made in a company owned by the President's family has been described by the SEC as "without guarantees." We are not concerned about the terms under which the operation took place. The obvious fact is the manner in which the Chief Executive subsequently came out in favor of the creation of an "international financing district," something which had been denounced and fought at the time by many sectors of public opinion, including some in the National Liberation Party itself. Later, through some strange interpretations of the law, Vesco and his aides were granted Costa Rican passports. Finally, a few weeks ago, the financier visited the Presidential House and "officially" notified the President of his intention to renounce his American citizenship, presumably intending to take Costa Rican citizenship whenever it became legally advisable or necessary for him to do so.

And so, while Vesco obtained the advantages of governmental influence that was no doubt prompted by gratitude, our nation has become, not only another geographical location that is astir, but an object for curiosity on the part of the international press. The latter refers to Costa Rica as "another Tangiers," a "banana republic," or, in the humiliating words of the prestigious London magazine, The Economist, as "Costa Roberto;" in other words, a nation that has partially been turned over to Vesco.

Hence, it is pertinent that we examine the way in which Vesco has reacted to the charges: namely, the SEC's civil suit for alleged defrauding of IOS funds and those of other firms; and the penal suit based upon a 200,000-dollar contribution which he made to the campaign to reelect Nixon. According to the charges in the penal suit, Vesco contributed that money in an attempt to promote governmental influence in Washington to his advantage. Based upon the charges, it was his intention to halt or neutralize the investigation which the SEC was making of his activities. The Attorney General of the United States himself took charge of the negotiations with the SEC, apparently without success. On 27 November, that institution, which is autonomous, decided to make the complaint and accuse Vesco of what it alleged to be "theft" of IOS funds. When the

rumors and news broke out, the committee to reelect Nixon decided to return the 200,000 dollars to Vesco. The Wall Street Journal claims that this happened because the purpose of the contribution had not been achieved, and also because an investigation was underway of the origin of the funds (one of Vesco's companies which was not owned by him). There was also the fact that the contribution had been made secretly, hence possibly violating a law requiring that political contributions be made public. Let it be said, in passing, and without any apparent implication of Vesco in the matter, that a portion of that money, and another sum which also reached the safe of a high-ranking campaign official, were taken to finance the Watergate espionage plan, regarding which great trepidation has seized the White House, reaching the very heels of that modern-day Achilles known as Richard Nixon.

As we can observe, Vesco has been accused of attempting to use the money of others to more readily engage in activities which bring him dividends. The charges brought against him by a grand jury in the United States indicate that this was the purpose of his "gift" of the 200,000 dollars. Reports from the Bahamas claim that he is also associated with the ruling family in those islands. And, in Costa Rica, his swift passage through customs and in migrating, his protective umbrella, and almost a privilege affording him extraterritoriality and immunity, have been guaranteed with the collaboration of those who have profited from his investments.

And now we are told, through wired reports and verbally, by one of Vesco's attorneys, that the SEC ordered President Figueres' personal bank accounts to be submitted, without informing either him or his family. Of course, with the typical cleverness of the Presidential House press officials, when the SEC order became known there, but allegedly not here, it was announced that the President's older son would testify at the civil suit against Vesco in New York concerning investments in SAI San Cristobal, and regarding the "erroneous" transfer of funds made to that firm using the President's personal account.

We ask, isn't it sad that even matters involving the private finances of the President of Costa Rica have to be aired at a trial, just because someone failed to take the precaution of depositing funds in a company's account instead of in the personal account of a Head of State?

Vesco has become so deeply involved in national affairs that, now, every business transaction or sale is attributed to him. How much legend or myth lies in his economic omnipresence remains to be seen. However, he himself cannot prevent people from associating him with the purchase of radio broadcasting stations, coffee plantations, gasoline distributorships, newly founded newspapers and, why not include it, the financing of political campaigns. After all, folklore only needs a few facts with which to invent a whole world of fiction that seems real. But, as The Economist so aptly puts it, in that article which we read with bitterness

wherein we were referred to as "Costa Roberto," whatever the facts are, there is too much money at stake for both courses of action to be considered regrettable: whether he remains, because his penetration could interfere with the maintenance of an overt, democratic political system; or if he leaves, because the deposits he has made in certificates at sight, and in unguaranteed investments, might mean a blow to the economy.

The country's only recourse for making an appropriate defense is the moral shield of its principal institutions. One of these is the Legislative Assembly, wherein the investigation might pursue an erratic course, but would necessarily culminate in a warning about the significance of Vesco's dealings with officials, and his possible asylum from what he terms "persecution by the SEC." The other is the press, at least the completely independent and invulnerable one that we now have, in spite of the way in which public officials, imported "public relations men" and paid groups have mobilized in favor of Vesco. The press in Costa Rica must carry out a mission such as that of the United States newspapers in the case of the Pentagon papers, the Watergate incident and other situations disturbing that country. The conduits of a system with free and plural opinion make it possible to purge the harshest of material and to brighten the murkiest of crossroads. Finally, there is our legal system, on which the policy of coexistence rests. The functioning of a legal system allied with the press and the Legislative Branch is essential to the maintenance of unsullied institutions and to the protection of the nature of our values. The fact that Vesco has been called to trial does not necessarily mean that he will be found guilty. Charges of conspiracy are always difficult to prove, because they relate to the intent underlying actions. Nevertheless, if the time should come when Vesco must be extradited, it will be a test of the extent to which these provisions for security are operating properly and to the utmost, to prevent our having to fear a temporary lack of international prestige, or a transitory interdict that might affect public office in our country.

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CUBA

FOREIGN TRADE MINISTER DISCUSSES SUGAR AT GENEVA

[Article by Prensa Latina special correspondent Leonel Nodal; Havana, Granma, Spanish, 11 May 1973, p 7]

Here in Geneva today (10 May), the Minister of Foreign Trade, Marcelo Fernandez Font, in establishing his country's position with regard to the negotiation of a new international sugar agreement, declared that Cuba has been, is now and will continue to be a great producer and exporter of sugar, and aspires to increase its participation in the free market.

The minister admitted that the 1968 agreement reflects the degree of cooperation that has been achieved between exporters and importers, and has offered economic advantages to both, but said that some of its fundamental terms have become obsolete.

He added that, this year, a new sugar agreement must be approved which will provide for the interval between 1974 and 1978; inasmuch as any attempt to extend the current instrument for another year or more would be inadmissible.

He observed that the inflationary spiral and monetary crisis affecting the developed, capitalist nations have made the present price scale obsolete, as well as the prevailing price incumbent upon the supplier.

The head of the Cuban delegation stated that the gradual increase in sugar consumption the world over, especially in the importing nations on the free market, has made it impossible to postpone a new distribution of quotas based upon this new situation.

He stressed the fact that very special heed must be taken of the need on the part of developing, exporting nations to increase their exports to the free market.

Fernandez Font remarked that one basic aspect of this conference is to make a suitable estimate of the demand over the next 5 years.

In this respect, he noted that 1972 and 1973 have been exceptional years, wherein the demand for sugar on the free market rose both unaccountably and disproportionately, from 9 million tons in 1971 to 11.2 million in 1973, according to estimates from the International Sugar Organization.

He added that the satisfactory implementation of a new agreement demands that the total number of quotas and other export authorizations bear a proper relationship to the anticipated demand.

He said that inflation and monetary crises in the developed, capitalist nations have caused a decline in the real value of sugar in terms of its power to purchase manufactured goods from the capitalist countries.

The minister observed that, according to statistics provided by the International Sugar Organization and based upon the price index published by the U.N., in 1971, the nominal sugar price that prevailed (4.50 centavos per pound) was equivalent to 3.26 centavos in terms of its purchasing power in 1954.

He said that, if we bring this information up to date, we find that, whereas the nominal price of sugar in 1972 was 7.27 centavos per pound, its purchasing power in relation to 1954 was only 4.85 centavos.

He emphasized that the new agreement must perforce guarantee the exporting nations prices that will maintain a parity of purchasing power equivalent to what its nominal status would have been in 1954.

On the basis of this criterion, the delegation set as target prices in these transactions a minimum of 5 centavos per pound, and a maximum of 9; and, in instances of obligation to supply, when the price exceeds the maximum level, a price of 11 centavos per pound of raw sugar.

The Cuban minister said: "Our country regards it as fair for the new agreement to include the concept of obligation to purchase incumbent upon importing nations, as an amendment to the obligation to supply which we exporting countries accepted in the 1968 agreement.

In this connection, the minister proposed an obligatory purchase price of 5 centavos per pound for a certain number of tons, to be calculated just as the obligation to supply was.

In concluding his comment on prices, the head of the Cuban delegation reminded his hearers that Cuba has recently signed trade agreements with the U.S.S.R. and Bulgaria in which a fixed price of 200 rubles per metric ton, or 12 centavos per pound, was established.

The head of Cuba's delegation remarked that, despite adverse weather conditions, Cuba has met its export quotas in recent years, retaining its status as a reliable supplier to meet the requirements for sugar on the free market.

He said: "The adverse weather conditions have been surmounted, and we can announce here today that production in our country's current harvest has exceeded 5 million metric tons, which, compared with that of the same date last year, means an increase of 1.2 million tons."

He added: "Our policy of increasing exports to the free market, based upon the historic share we have had in that market, has been indorsed by the serious effort which our country is making to guarantee increased sugar production."

He then cited the fact that Cuba proposes to plant 430,000 hectares of cane for the 1973-74 harvest, a 40 percent increase over the previous year.

The Cuban minister added: "A total of 512,000 tons of fertilizer will be used, which is 30 percent more than last year; and, for this purpose, we have opened a nitrogenized fertilizer plant which will produce 465,000 tons."

Large investments are likewise planned for the purification, irrigation and mechanized processes, as well as for transportation; or other facilities made available in previous years will be used. He cited the example of 420 cane combines currently in operation, a number that will increase at the rate of 300 or 400 per year, until 80 percent of the cutting is mechanized in 1980.

The head of the Cuban delegation indicated that, when one has this background information, one can appreciate how ridiculous the estimate of 7 million tons for 1980 is, a figure attributed to Cuban production in a study prepared by an international organization.

The Cuban minister likewise mentioned the problem that has been created by Great Britain's entry into the European Common Market, and the uncertainty that exists regarding the fate of its future imports from the developing nations, which amount to 400,000 tons.

Thus far, the United Kingdom has purchased this sugar by virtue of an agreement that was negotiated with the countries of the British Commonwealth. The Cuban delegate said that it is his firm conviction that structural changes such as this should be resolved within the context of the present special agreements; and that, therefore, he supports the exporting nations in their effort to retain access to the traditional markets.

The Cuban minister emphasized that an attempt to replace the 1.4 million tons of cane sugar which the United Kingdom receives from developing nations with beet sugar from countries on the continent which belong to the European Economic Community, thus dumping that tonnage on the free market, is unacceptable.

The Cuban delegation expressed confidence that the spirit of international cooperation between exporting and importing countries would be maintained, and that the conference, in its second phase, will find it possible to approve a new international agreement on sugar, with participation by all the nations represented at this conference.

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